BUDGETS

PA 2 of 1968, as amended by PA 621 of 1978, establishes budgeting requirements and prohibits deficit spending by local units of government. The legislative body (board of county road commissioners) must pass a General Appropriations Act for the County Road Operating Fund (a special revenue fund type).

Michigan law provides that no money shall be disbursed from a local unit except pursuant to the General Appropriations Act adopted by the legislative body. The purpose of the General Appropriations Act is to present the expenditure side of the budget in a form necessary to allow the expenditure of funds and to prevent deficits by limiting expenditures to available resources. The appropriations act must include estimated revenues by source, in each fund, to finance the expenditures. The General Appropriations Act, when approved by the legislative body after a public hearing, becomes the plan that must be followed by the administrative officer in the conduct of the road commission's operations.

The recommended budget and subsequent appropriations act may be two separate and distinct documents. The Michigan Committee on Governmental Accounting and Auditing recommends that the budget estimates be prepared and submitted to the chief administrative officer in detail. The recommended budget document prepared there from for presentation to the legislative body should be in summary form according to mandatory activities set forth in the "Uniform Chart of Accounts" and financial reporting requirements. The budget document shall be accompanied by such supporting schedules as may be requested by the legislative body. The chief administrative officer shall submit a recommended budget and a suggested appropriation act for the operating and debt service funds of the road commission. The General Appropriations Act, when approved by the legislative body after a public hearing, becomes the plan that MUST be followed by the administrative officer in the conduct of the road commission's operations. The legislative body may authorize the chief administrative officer to make transfers within limits stated in the general appropriations act without prior approval of the legislative body. Michigan law provides that no money shall be disbursed from the treasury except pursuant to an appropriations act adopted by the legislative body. It is this appropriation measure which serves as the legislative control document.

The General Appropriations Act must also include estimated revenues, by source in each fund, to finance expenditures. Both revenues and expenditures must be monitored during the fiscal year to prevent incurring a deficit. The general appropriations act must be amended as soon as it becomes apparent that a significant change in revenues or expenditures is known.

BUDGETS

The budget for the County Road Fund shall be prepared, adopted, and amended when necessary in accordance with the provisions of Public Act 2 of 1968, as amended, the Uniform Budgeting and Accounting Act, being MCL 141.421 - 141.440.

We recommend the budget be prepared in accordance with the <u>Uniform Budgeting Manual for Local Units of Government in Michigan</u> issued by the Michigan Department of Treasury. It is available for a small charge by contacting Local Audit and Finance Division at (517) 373-3227 and obtaining a copy of our publication order form or downloading the manual from our web site at: http://www.michigan.gov/treasury/.

Following are examples of completed budget forms and formal budget actions by a board of county road commissioners.

1. Recommended Budget submitted by the chief administrative officer to the board of county road commissioners, which consists of:

    a. Budget Summary (Prior Year, Current Year and Budget Year)
    b. Supporting Schedule - Revenues and Other Sources
    c. Supporting Schedule - Expenditures and Other Uses

2. General Appropriations Act

3. Budget Amendments

    a. Budget Amendment No. 1
        1) Supporting Schedule of Increases/(Decreases)
    b. Budget Amendment No. 2
        1) Supporting Schedule of Increases/(Decreases)